

6 May 2020

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF SEADRAGON LIMITED

Notice is hereby given to all shareholders that a special meeting of shareholders (**Meeting**) of SeaDragon Limited (**SeaDragon** or **Company**) will be held by an online/telephone meeting using the Company's share registrar's virtual meeting platform at www.virtualmeeting.co.nz/sea20 on Friday, 22 May 2020, at 2:00 p.m.

Due to the current restrictions from COVID-19, shareholders of the Company (**Shareholders**) will only be able to participate in the Meeting online or by telephone. Shareholders cannot attend the Meeting in person. The Company will continue to monitor the restrictions from COVID-19 and may, if appropriate, modify the Meeting procedures to reflect COVID-19 developments. Shareholders will be notified of any such modifications.

Shareholders can attend the Meeting:

- (a) online via the virtual meeting platform at www.virtualmeeting.co.nz/sea20;
- (b) by telephone from New Zealand by dialling 0800 448 986; or
- (c) by telephone from Australia by dialling 1800 572 288.

If you are attending online via the virtual meeting platform, you will require your CSN/Holder Number for verification purposes. If you are attending by telephone, you will require your unique PIN (which can be found at the top of your Proxy Form). Please dial-in at least five minutes prior to the start time.

We appreciate the support and understanding of our Shareholders with regard to these Meeting arrangements.

Further information on the virtual meeting platform, including how to participate, vote and ask questions, is set out under the "Important Information" section of this notice of meeting.

AGENDA

A. Apologies and Chairman's introduction

B. Resolutions

To consider and, if thought fit, pass the following Resolutions. Each Resolution is an ordinary resolution other than Resolution 3, which is a special resolution.

Resolution 1 – Delisting from NZX Main Board

"That the delisting of the Company with NZX Limited, including that its ordinary shares cease to be quoted on the NZX Main Board, be approved, and the directors of the Company be authorised to undertake all actions and enter into any agreements and other documents necessary to achieve this outcome."

Resolution 2 – Listing on the Unlisted Securities Exchange

"Subject to the Company ceasing to be listed on the NZX Main Board, that the listing of the Company on the Unlisted Securities Exchange be approved and the directors of the Company be authorised:

- (a) *to work with Efficient Market Services Limited such that the Company will have its ordinary shares quoted and traded on the Unlisted Securities Exchange when it ceases to be listed on the NZX Main Board; and*
- (b) *to undertake all actions and enter into any agreements and other documents necessary to achieve this outcome."*

Resolution 3 – Altering the Company's constitution

"That the existing constitution of the Company be altered, and an amended constitution of the Company in the form tabled at the special meeting of shareholders, referred to in the explanatory notes and signed by the Chairman for the purposes of identification be adopted,

subject to and with effect from the day after the Company ceases to be listed on the NZX Main Board.”

Please see the Explanatory Notes in respect of Resolutions 1 to 3 below.

Each of Resolutions 1 and 2 is interdependent, and requires that each of those Resolutions be passed by Shareholders in order for the matters referred to in those Resolutions to be effected. If either Resolution 1 or 2 is not approved, then none of those Resolutions will have been approved.

Resolution 3 is subject to and takes effect from the day after the Company ceases to be listed on the NZX Main Board and, accordingly, is, in practice, dependent on Resolution 1 (and Resolution 2, because they are interdependent) being passed to be effected.

The directors of the Company not associated with Pescado, BioScience or Comvita unanimously recommend that Shareholders vote in favour of Resolution 1. The directors of the Company unanimously recommend that Shareholders vote in favour of Resolutions 2 and 3.

By Order of the Board

ENDS

Contact:

Bryan Mogridge
Independent Chairman
Tel: +64 21 931 355

This notice of meeting is an important document and requires your immediate attention. It should be read in its entirety. It has been prepared to advise you of the forthcoming Meeting and to assist you in understanding the Resolutions to be put to Shareholders for consideration at the Meeting. The Directors encourage you to read this notice of meeting and exercise your right to vote.

If you do not understand any part of this document or are in doubt as to how to deal with it, you should consult your broker or other professional adviser as soon as possible.

Please call Bryan Mogridge at SeaDragon Limited on +64 21 931 355 if you have any queries about the Resolutions or this notice of meeting.

EXPLANATORY NOTES

CONSEQUENCES IF RESOLUTIONS APPROVED

1. If the Resolutions set out in the notice of meeting are passed:
 - (a) it is expected that the Company will:
 - (i) delist the trading of its ordinary shares on the NZX Main Board on 29 June 2020; and
 - (ii) list and commence trading of its ordinary shares on the Unlisted Securities Exchange (**USX**) on or about 30 June 2020;

This indicative timetable is subject to change at the Company's discretion (as a result of market conditions or otherwise) and due to any other legal or regulatory requirements (including those of NZX Limited (**NZX**) or USX). The Company will announce to Shareholders any changes to the indicative timetable;
 - (b) the Company would be entitled to draw down up to \$2 million under the 2020 Pescado Facility (as defined in paragraph 2(a) below);
 - (c) it is expected that, based on management's current estimates, the Company would draw down \$1.5 million of the \$2 million available under the 2020 Pescado Facility shortly after 22 May 2020; and
 - (d) the Company's current constitution will be amended with effect from the day after the Company is delisted in the form available to view at www.seadragon.co.nz/invest/#governance (the **Amended Constitution**).

RESOLUTION 1 – DELISTING FROM NZX MAIN BOARD

Background

The Company and NZX previously entered into a listing agreement in order for the Company's shares to be quoted on the NZX Main Board. The process the Company must go through to terminate this listing agreement is called "delisting".

Rationale for delisting

2. The board of the Company (the **Board**) considers delisting is appropriate for the following reasons:
 - (a) **Further required capital conditional on Shareholders approving delisting:** ongoing financial losses mean that the Company requires further capital to survive. Over the past several months, the Board has actively sought such further capital through discussions with brokers, institutional investors and high net worth individuals. The only source of substantial capital available to the Company is conditional on a delisting. In particular, and as announced by the Company on 4 May 2020, Pescado Holdings Limited (**Pescado**) has agreed to advance up to \$2 million to the Company via a new loan facility (the **2020 Pescado Facility**). It is a condition to draw down under the 2020 Pescado Facility that Shareholders approve a delisting (i.e., Resolutions 1 and 2). Absent that condition being satisfied:
 - (i) the Company would not be entitled to draw down under the 2020 Pescado Facility; and
 - (ii) it is highly likely that, on or about June 2020, the Company will be unable to pay its debts as they fall due and the directors of the Company will have no option but to place the Company into receivership or liquidation.

Details of the relationship between Pescado and the Company, and the 2020 Pescado Facility, are set out in paragraphs 3 to 5 below;

- (b) **Trading of Company's shares infrequent:** although the Company has a wide shareholder base, trading in the Company's shares on the NZX Main Board is infrequent (i.e., the Company's shares have low liquidity). The low liquidity in the Company's shares is highly likely to continue in the foreseeable future since:
 - (i) no research coverage is available for the Company; and
 - (ii) the Company's three major Shareholders hold, in aggregate, 62.47% of the Company's shares. That aggregate holding will increase to 70.30% on 31 March 2021 upon the

issue of further shares to Pescado on conversion of convertible loan notes issued under the 2019 Convertible Loan Note Facility (as defined in paragraph 3(b) below) and absent any other changes in the Company's capital structure.

The Board considers that the low liquidity in the Company's shares does not merit the significant compliance and governance costs associated with maintaining a listing on the NZX Main Board;

- (c) **Reduced costs:** there are significant compliance and governance costs associated with maintaining a listing on the NZX Main Board. These costs have increased over time, including, particularly, as corporate governance requirements and reporting have become more involved. In addition, the Company has incurred significant cost in recent years to undertake capital raisings and other transactions in compliance with the NZX Listing Rules. As announced on 15 April 2020, the Company is implementing a significant cost reduction strategy, of which compliance and governance costs forms part; and
- (d) **More time focused on "business as usual" matters:** reduced time on the compliance associated with maintaining a listing on the NZX Main Board (such as reporting and disclosure and the significant internal management time involved in appraisal report/Shareholder meeting exercises) will mean that the Company can spend more time focused on "business as usual" matters.

Relationship between Pescado and the Company

3. Pescado is a cornerstone shareholder of the Company and a member of the Masthead group of companies. Pescado is ultimately controlled by Mark Stewart, a director of the Company. Key aspects of the relationship between Pescado and the Company are as follows:

- (a) **Conversion of 2018 Convertible Loan Note Facility:** on 8 August 2018, Shareholders approved up to \$3 million of advances by Pescado to the Company via the convertible loan note agreement 2018 between the Company and Pescado (the **2018 Convertible Loan Note Facility**). The 2018 Convertible Loan Note Facility was fully drawn down by the Company and matured at 5:00 p.m. on 31 March 2020, at which time the outstanding amount automatically converted into shares in the Company, resulting in the issue of 9,090,909 shares in the Company to Pescado and giving Pescado a total holding of 17,645,247 shares in the Company (or approximately 23.31% of the Company's shares);
- (b) **2019 Convertible Loan Note Facility:** on 17 May 2019, Shareholders approved up to \$4 million of advances by Pescado to the Company via the convertible loan note agreement 2019 between the Company and Pescado (the **2019 Convertible Loan Note Facility**). By way of further information:
 - (i) the 2019 Convertible Loan Note Facility has been fully drawn down by the Company;
 - (ii) all indebtedness under the 2019 Convertible Loan Note Facility is secured over all of the assets of the Company and its subsidiaries, in each case under then-existing security arrangements (the **Existing Security**);
 - (iii) unless previously repaid or converted, the 2019 Convertible Loan Note Facility will mature at 5:00 p.m. on 31 March 2021. On maturity, unless the Company is in default under the 2019 Convertible Loan Note Facility or insolvent, the outstanding amount under the 2019 Convertible Loan Note Facility will automatically convert into shares in the Company. The Company considers it highly unlikely that it will be in a position to repay that outstanding amount (i.e., it is highly likely that such outstanding amount will convert into shares in the Company); and
 - (iv) on conversion of the 2019 Convertible Loan Note Facility, a further 20,000,000 shares in the Company will be issued to Pescado, giving Pescado a total holding of 37,645,247 shares in the Company (or, assuming no other changes to the Company's capital structure, approximately 39.33% of the Company's shares); and
- (c) **2020 Unsecured Loan Agreement:** as announced by the Company on 18 February 2020, the Company entered into a loan agreement with Pescado (the **2020 Unsecured Loan Agreement**) to provide short-term, bridge, funding of up to \$1 million to finance general corporate and working capital purposes of the Company. By way of further information:

- (i) advances under the 2020 Unsecured Loan Agreement are unsecured, are to be repaid no later than 18 August 2020 and accrue interest at 12% per annum; and
- (ii) the 2020 Unsecured Loan Agreement has been fully drawn down by the Company.

2020 Pescado Facility

4. As announced by the Company on 4 May 2020, Pescado has agreed to advance up to \$2 million to the Company via the 2020 Pescado Facility. By way of further information:
 - (a) it is a condition to draw down under the 2020 Pescado Facility that Shareholders approve a delisting (i.e., Resolutions 1 and 2);
 - (b) it is expected that, based on management's current estimates, the Company would draw down \$1.5 million of the 2020 Pescado Facility shortly after 22 May 2020. That first draw down must be used to repay amounts outstanding under the 2020 Unsecured Loan Agreement, including accrued interest, and, upon that repayment, the 2020 Unsecured Loan Agreement terminates. Other proceeds of the 2020 Pescado Facility are to be used to finance general corporate and working capital purposes of the Company;
 - (c) any loans drawn under the 2020 Pescado Facility (**New Loans**) have a repayment date of 31 December 2021;
 - (d) New Loans have an interest rate of 12% per annum, payable on 30 November 2020, 31 May 2021, 30 November 2021 and 31 December 2021;
 - (e) New Loans are secured by a new general security deed over all of the assets of the Company and its subsidiaries (the **New Security**). The Existing Security has priority over the New Security. The Existing Security is unaffected, and not amended, by the 2020 Pescado Facility or the New Loans; and
 - (f) the Company sought, and was granted on 5 May 2020, a waiver from NZX Listing Rule 5.2.1 in connection with the 2020 Pescado Facility (the **NZX Waiver**). The full NZX Waiver is available at: <https://www.nzx.com/companies/SEA/announcements>. Information on (including a summary of) the NZX Waiver is set out in paragraphs 6 to 9 below.
5. Shareholders should be aware that the 2020 Pescado Facility was unanimously approved by the Board (excluding Pescado's representative on the Board, Mr. Stewart, who was, in accordance with the NZX Listing Rules, precluded from voting on the matter). The Board (excluding Mr. Stewart) represents Shareholders holding approximately 59.13% of the shares in the Company (excluding from the calculation the shares in the Company held by Pescado). Put another way, a majority of Shareholders (excluding Pescado) are supportive of the 2020 Pescado Facility and their interests in approving the 2020 Pescado Facility are aligned with all other Shareholders (again, excluding Pescado).

NZX Waiver

6. The 2020 Pescado Facility involves the Company borrowing money above 10% of the Average Market Capitalisation of the Company. Accordingly, the expected first draw down under the 2020 Pescado Facility of \$1.5 million is a Material Transaction for the purposes of NZX Listing Rule 5.2.1. Pescado is a direct party to the Material Transaction. Pescado is a Related Party of the Company because it is the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Company carrying Votes. For these reasons, and absent the NZX Waiver, the expected first draw down under the 2020 Pescado Facility would require approval by an Ordinary Resolution pursuant to NZX Listing Rule 5.2.1, as well as an Appraisal Report to accompany the relevant notice of meeting.
7. On 5 May 2020, NZXR granted the NZX Waiver. In particular, and subject to the conditions set out in paragraph 8 below, and on the basis that the information provided by the Company is complete and accurate in all material respects, NZXR granted the Company a waiver from NZX Listing Rule 5.2.1, to the extent that this NZX Listing Rule would otherwise require the Company to obtain the approval of shareholders to enter into a Material Transaction with a Related Party.
8. The NZX Waiver was provided on the conditions that:
 - (a) the directors of the Company certify to NZXR that:

- (i) the terms of the 2020 Pescado Facility have been entered into, and negotiated, on an arm's length and commercial basis;
 - (ii) the Company was not unduly influenced to enter into the 2020 Pescado Facility by Pescado; and
 - (iii) entry into the 2020 Pescado Facility is in the best interest of all Shareholders other than Pescado and any Associated Persons of Pescado; and
- (b) the waiver, its conditions and implications are disclosed in the Company's next annual report.
9. In broad terms, the Company sought the NZX Waiver, rather than seeking Shareholder approval in connection with the 2020 Pescado Facility, because the directors of the Company considered it not to be in the best interests of the Company to incur the significant unnecessary expense of seeking Shareholder approval (estimated to be upwards of \$40,000), particularly in circumstances where:
- (a) the Company is in a difficult financial position and requires urgent funding to survive;
 - (b) there is significant precedent to support the granting of the NZX Waiver, which is in line with published NZXR guidance;
 - (c) if Shareholder approval were required, the votes of the Shareholders represented on the Board would, on their own, carry the resolution (holding approximately 59.13% of the votes, on the basis that Pescado would be excluded from voting on the resolution); and
 - (d) the 2020 Pescado Facility was entered into, and negotiated, on an arm's length and commercial basis.
10. Capitalised terms used in paragraphs 6 to 8 above (but not otherwise defined in this notice of meeting) have the meanings given to them in the NZX Listing Rules dated 1 January 2020.

NZX conditional approval

11. NZX Listing Rule 9.9.1(c) enables the Company to make a written request to NZX that it wishes to cease to be listed on the NZX Main Board. NZX may then cancel the listing on or subject to compliance with certain conditions. NZX Regulation (**NZXR**) has conditionally approved the delisting of the Company from the NZX Main Board. The conditions imposed by NZXR are as follows:
- (a) the Company obtains the prior approval of its Shareholders who are "Non-Affiliated Holders"¹ to delist from the NZX Main Board by way of ordinary resolution;
 - (b) the Company pays all fees owing to NZX, including the delisting fee and NZXR fees for reviewing the delisting, this notice of meeting and the NZXR Waiver;
 - (c) the Company must send a notice of meeting to Shareholders containing:
 - (i) details of the options available for Shareholders in relation to both retaining or selling their shares;
 - (ii) an outline of the steps Shareholders need to take before they can trade their shares on USX;
 - (iii) an indicative range of costs to Shareholders involved in the delisting and transition to USX; and
 - (d) the Company must have approval for quotation of its shares on USX conditional only on the Company delisting from the NZX Main Board, and the date of quotation on USX must be as soon as possible following the Company delisting from the NZX Main Board – see

¹ "Non-Affiliated Holders" is defined in Part A of the NZX Listing Rules as "any person other than:

- (a) a person who holds, or is one of a group of Associated Persons who together hold, 10% or more of a Class of Financial Products, or
- (b) a person who has, or is one of a group of Associated Persons who together have, the power (whether contingent or not) to appoint one or more Directors of the Issuer, or
- (c) any other person or group of persons whom NZX in its discretion declares not to be a Non-Affiliated Holder for the purposes of the Rules."

paragraph 26 below in relation to the status of the Company's listing application with USX; and

- (e) the Company must issue an announcement to the market via MAP outlining the proposed delisting process, its implications and a timetable of key dates (the **Subsequent Delisting Announcement**). The Subsequent Delisting Announcement is to be released at least one month prior to delisting; and
 - (f) this notice of meeting and the Subsequent Delisting Announcement, as well as any other material communication with Shareholders on the delisting, must be in a form reviewed and agreed by NZXR.
12. This notice of meeting contains the information required by paragraph (c) above and, accordingly, that condition is satisfied by this notice of meeting.

Process of delisting

- 13. The Company is currently listed with NZX and its ordinary shares are quoted on the NZX Main Board.
- 14. If Shareholders approve the delisting of the Company from the NZX Main Board, as proposed by Resolution 1, the Company will, after complying with the conditions set out in paragraph 3 above, have satisfied the conditions required for NZXR approval for delisting under NZX Listing Rule 9.9.1(c).
- 15. If the delisting is approved by Shareholders, the Company expects to follow the indicative timetable below. The trading halt is to allow time for share trades to be settled by NZX prior to the Company's ordinary shares being delisted from the NZX Main Board. Any trades placed prior to that trading halt will be processed in the normal way:

Date	Impact on Shareholders
22 May 2020 (date of Meeting) to 25 June 2020	Shares continue to be listed on the NZX Main Board
25 June 2020	Trading halt commences on shares at close of business
29 June 2020	Shares delisted from NZX Main Board
30 June 2020	Share trading commences on USX

This indicative timetable is subject to change at the Company's discretion (as a result of market conditions or otherwise) and due to any other legal or regulatory requirements (including those of NZX or USX). The Company will announce to Shareholders any changes to the indicative timetable.

Impact of delisting on New Zealand Shareholders' ability to trade

- 16. The key impact on New Zealand Shareholders is that any share trading from 30 June 2020, being the day after the date the shares are delisted from the NZX Main Board will need to be undertaken on USX rather than the NZX Main Board as is the case at the present time. Although it is difficult to predict with any certainty, the Company does not believe there will be any impact on Shareholders' ability to trade their shares on the basis that USX operates in a similar manner to the NZX Main Board, as described further in paragraph 30 below. Shareholders will still be able to undertake off-market private sales in the usual way by updating the share registry, to be maintained by Link Market Services Limited (**Link**) (see details in paragraph 29 below).

Any other impact on Shareholders or their rights as a result of delisting

- 17. A consequence of delisting from the NZX Main Board is that certain provisions of the Financial Markets Conduct Act 2013 (**FMCA**) will no longer apply to the Company, except in respect of an action, event or circumstance that occurred prior to delisting from the NZX Main Board. In particular, the following rules will no longer apply to the Company when it is listed on USX:
 - (a) provisions prohibiting insider trading; and
 - (b) provisions relating to disclosure of interests of substantial product holders and directors and senior managers.

18. Further, the Company will no longer be subject to the NZX Listing Rules. The NZX Listing Rules contain a number of rules designed to protect the interests of Shareholders including:
- (a) rules requiring at least two independent directors;
 - (b) rules requiring the Company to report (on a comply or explain basis) against recommendations in the NZX Corporate Governance Code;
 - (c) rules relating to continuous disclosure;
 - (d) rules applying to the issue of further shares; and
 - (e) rules on major and related party transactions.
19. However, the Company will still be subject to disclosure obligations under the FMCA, ongoing reporting and disclosure obligations of the Companies Act 1993 (the **Companies Act**), Financial Reporting Act 2013 (the **Financial Reporting Act**), its constitution and the Takeovers Code, as well as disclosure obligations under the USX Market Rules. Disclosure obligations under the USX Market Rules include, but are not limited to, posting to the USX announcement platform as soon as available:
- (a) financial reporting in compliance with the Financial Reporting Act;
 - (b) information in relation to:
 - (i) changes to its directors and senior managers;
 - (ii) corporate actions (i.e., any corporate event affecting the number, value or terms of quoted securities), both when approved and when actioned; and
 - (iii) changes to basic company information (address, contact details, registrar, auditors and lawyers);
 - (iv) any disclosures required by the Financial Markets Authority; and
 - (v) such other events, actions or new information that the Company in its sole discretion may consider have a material impact upon the market price of its ordinary shares if such event or action were known to investors provided that such disclosure is considered by the Company to be in the interests of all Shareholders generally.
20. In addition:
- (a) the USX Market Rules also contain provisions in relation to enforcement (paragraph 2.4) and surveillance (paragraph 2.5);
 - (b) the Company proposes to include in the Amended Constitution an obligation on the Company to have at least two independent directors; and
 - (c) the Companies Act contains specific provisions applicable to all companies which, in broad terms:
 - (i) require the Company's directors to resolve that the consideration for and terms of the issue of shares are fair and reasonable to the Company and to all existing Shareholders;
 - (ii) prohibit the Company from entering into a major transaction unless that transaction is approved by special resolution; and
 - (iii) require the Company's directors to act in good faith and in the best interests of the Company.
21. The Board is of the view that the continuing obligations under applicable law will provide Shareholders with sufficient comfort and transparency in the absence of the obligations applicable while listed on the NZX Main Board.

Any costs to Shareholders of the delisting and move to USX

22. Company profitability for the financial year ending 31 March 2021 will be negatively impacted by between \$60,000 and \$70,000 due to the fees associated with the delisting process, including:
- (a) the NZX delisting fee of \$16,500;

- (b) NZXR fees to review and approve the documents associated with delisting;
 - (c) legal fees for advice requested by the Company; and
 - (d) the costs associated with printing and distributing the notices to Shareholders.
23. The above costs are all one-off costs and the Company expects the effect on profitability to be marginal as the ongoing savings to the Company from delisting will over time outweigh these one-off delisting costs.

RESOLUTION 2 – LISTING ON USX

24. The Board considers that:
- (a) if the Company delists from the NZX Main Board, Shareholders should be provided with an alternative platform on which to trade their shares;
 - (b) USX, which is operated by Efficient Market Services Limited (**EMS**), provides an appropriate option for Shareholders; and
 - (c) the less formal USX market structure is more appropriate for the Company considering its cost sensitivities, size and business model.

Further information on USX can be obtained at www.unlisted.co.nz.

25. USX is a financial product market that operates pursuant to an exemption from Subpart 7 of Part 5 of the FMCA. Investors trading in securities quoted on USX trade at their own risk and do not have the same protections provided by Part 5 of the FMCA in relation to: insider trading, market manipulation, continuous disclosure, substantial holding disclosures, relevant interest disclosures, and the monitoring of market obligations by the Financial Markets Authority.
26. If Resolutions 1 and 2 are approved, the Board expects to finalise arrangements for the ordinary shares of the Company to be quoted on USX. EMS, which operates USX, has conditionally accepted the Company's listing application. The Company's ability to list on USX is now simply conditional on the Company completing the delisting process from the NZX Main Board.
27. The indicative timetable for moving to USX is set out in paragraph 15 above. USX is a well-established facility that:
- (a) provides a cost-effective share trading platform for shareholders; and
 - (b) is public, transparent and centralised.
28. USX has no additional direct costs over and above the annual listing fee (currently, \$8,400 plus GST), no service charges, and no requirement for a security bond. On an ongoing basis, total compliance costs for the Company will be significantly lower than those of the NZX Main Board.

Share registrar

29. Link is the Company's share registrar and will continue to act as the Company's share registrar both prior to delisting from the NZX Main Board and after listing and trading on USX commences. Link will update the Company's share register with trading information it receives from NZX (prior to delisting from the NZX Main Board) and from USX (after share trading commences on USX). Link's contact details are:

Link Market Services Limited
Level 11, Deloitte Centre
80 Queen Street
Auckland 1010
Email: enquiries@linkmarketservices.com

Buying and selling shares on USX

30. USX operates in a similar manner to the NZX Main Board. In particular:
- (a) brokers enter buy and sell orders on behalf of clients and where the price bid and offered matches the buy and sell orders are matched and a trade is completed. This matching is on a continuous basis during trading hours. The Board expects the Company's share price on USX to be similar to that as currently stated on the NZX Main Board on the basis that the value of the Company would be the same immediately before and after delisting. The first

quoted price will be based on buy and sell orders placed on USX by brokers on behalf of their clients;

- (b) on USX's website, shareholders can view market information and the current bids and offers listed on the market and recent company announcements and an Issuer Profile which is prepared by USX on each issuer. Full information on trading ordinary shares on USX can also be found on USX's website www.usx.co.nz;
 - (c) a list of brokers who trade on USX can be found at www.usx.co.nz/brokers. The brokers who trade on USX will require shareholders to sign an Investor Information and Disclaimer form prior to entering a trade into the market. This is a one-off requirement to confirm that the shareholder recognises that USX is exempt from the financial product market licensing requirements of the FMCA and that the obligations for issuers on USX are different to those applying to issuers whose shares are traded on a licensed financial product market (i.e., the NZX Main Board);
 - (d) to trade shares on USX, a shareholder will need to place an order to buy or sell shares with a USX broker. The broker will put the 'buy or sell order' into the market. Upon the matching of an order, the broker is advised by USX of such order being matched. The broker will then arrange for clearing and settlement of the trade with the other broker and Link using electronic means; and
 - (e) most USX brokers charge a similar fee as for an NZX Main Board trade. No other fees are payable by the investor.
31. Shareholders will still be able to undertake off-market private sales in the usual way by updating the share registry, to be maintained by Link (see details in paragraph 29 above).

Disadvantages and advantages of delisting from the NZX Main Board and listing on USX

32. Whilst the Board has proposed the delisting from the NZX Main Board and listing with USX and the directors of the Company not associated with Pescado, BioScience and Comvita unanimously recommend that Shareholders vote in favour of the Resolutions contained in this notice of meeting, the Board considers it appropriate to provide the information below to assist Shareholders in making their decision.
33. Potential disadvantages of delisting from the NZX Main Board and moving to USX include:
- (a) Shareholders will no longer have the benefit of the continuous disclosure obligations under the NZX Listing Rules. For example, Shareholders will not have the benefit of NZX Listing Rule 3.1 requiring the Company to immediately release "Material Information" (as that term is defined in the NZX Listing Rules) to NZX and the market. However, the USX Market Rules require the Company to comply with certain general and ongoing disclosure obligations. For example, the USX Market Rules provide that the Company is required to announce on the USX platform price sensitive information that it considers to be in the interests of Shareholders generally to disclose. See paragraph 19 above for further information;
 - (b) by being listed on USX, Shareholders do not have the benefit of certain protections under the FMCA and the NZX Listing Rules. See paragraphs 17 and 18 above for further information;
 - (c) once delisted from the NZX Main Board, the Company will no longer be able to take advantage of the exemption set out in clause 19 of Schedule 1 of the FMCA, which allows companies listed on the NZX Main Board to issue quoted financial products without full regulated disclosure (sometimes known as "same class offers"). However, the Company's ability to raise capital via other concessions in the FMCA is unaffected (for example, offers to wholesale investors); and
 - (d) the Company will incur delisting fees from NZX (including the NZX delisting fee and NZXR reviewing fees and legal fees). See paragraphs 22 and 23 above for further information.
34. Advantages of delisting from the NZX Main Board and moving to USX include:
- (a) the listing with USX is expected to require less administrative time and give rise to lower compliance costs for the Company;
 - (b) the fees associated with listing on USX are much lower than the NZX listing fees. Details of USX fees and charges can be found at www.usx.co.nz/services_and_fees;

- (c) by listing on USX, Shareholders will still have a platform on which to trade their shares;
- (d) although it is difficult to predict with any certainty, the Company does not believe there will be any impact on New Zealand Shareholders' ability to trade their shares. As described in paragraph 30 above, Shareholders trade on USX through a broker, and most USX brokers charge similar fees as an NZX broker. However, as with the NZX Main Board, there is no guarantee that there will be a buyer for shares on USX;
- (e) Shareholders will have access to the USX Issuer Profiles, which provide a snapshot of the Company, access to all announcements posted by the Company, visibility into market depth and trade history; and
- (f) on USX, the Company will be required to comply with the USX Market Rules (as described in paragraph 19 above). The Company must also still comply with all other applicable laws, including the Companies Act, the Financial Reporting Act 2013 and the Takeovers Code.

RESOLUTION 3 – ALTERING THE COMPANY’S CONSTITUTION

35. The existing constitution applicable to the Company was adopted in September 2019 (the **Existing Constitution**), principally to reflect the then applicable requirements of the NZX Listing Rules and other changes to applicable legislation. The Board considers that, if the Company delists from the NZX Main Board:
- (a) provisions in the Existing Constitution that relate or refer to the NZX Listing Rules should, generally, be removed since the Company will not be bound by the NZX Listing Rules once delisted – although the Amended Constitution does retain certain NZX Listing Rules concepts (e.g., three-yearly rotation of directors and the requirement for at least two independent directors);
 - (b) certain provisions common to widely-held, private companies should be included in the Company’s constitution;
 - (c) the Company’s constitution should cater for the possibility that the Company may not always be a “code company” (as that term is defined in the Takeovers Code)²; and
 - (d) consequential alterations should be made to the Existing Constitution to reflect the listing on USX.
36. For these reasons, the Company proposes, with the approval of its Shareholders, to alter the Existing Constitution by way of the Amended Constitution, such alterations to take effect from the day after the Company is delisted from the NZX Main Board.
37. A copy of the Amended Constitution, marked to show each alteration to the Existing Constitution, is available for viewing at the Company’s website: www.seadragon.co.nz/invest/#governance.
38. No alteration proposed by the Amended Constitution imposes or removes a restriction on the activities of the Company and, accordingly, no Shareholder buy-out rights arise under section 110 of the Companies Act.
39. A summary of material differences between the Existing Constitution and the Amended Constitution is set out in the table below.

Clause in Amended Constitution	Subject matter	Proposed change
Throughout	NZX Listing Rule	Where a clause referred to the NZX Listing Rules, the NZX

² 12 months after the Company ceases to be listed on the NZX Main Board, the Company will only be a code company if it:

- (a) has 50 or more Shareholders and 50 or more share parcels; and
- (b) is “at least medium-sized”. The Company is at least medium-sized if at least one of the following is true:
 - (i) on the last day of the Company’s most recently completed accounting period, the total assets of the Company and its subsidiaries (if any) are at least \$30 million; and
 - (ii) in the most recently completed accounting period, the total revenue of the Company and its subsidiaries (if any) is at least \$15 million.

Clause in Amended Constitution	Subject matter	Proposed change
	references	Listing Rule reference has been deleted and/or the clause has been amended accordingly to reflect that the Company will be listed on USX.
1.1 and 1.2	Definitions and Construction	<p>Definitions relating to the NZX Listing Rules have been deleted or amended, as applicable, with new definitions relevant to listing on USX included.</p> <p>In addition, new definitions of “Minimum Holding” and “Average Market Price” have been added.</p>
Deleted clauses 2.2, 2.3, 2.5, 9.5(d), 12.2 and 12.3(b)	Clauses relevant to NZX Listing Rules	These clauses have been deleted on the basis that they relate or refer to NZX Listing Rules.
4.1	Issue of new Equity Securities	<p>The requirement that share issues be made in compliance with the NZX Listing Rules is deleted. In broad terms, this removes the general rule under the NZX Listing Rules that Shareholder approval is obtained for share issues, unless one of the permitted exceptions applies.</p> <p>No Shareholder approval is required for share issues under the Amended Constitution. Put another way, the issue of shares is wholly a matter for the Board subject to the Companies Act requirements (principally that the consideration for the shares is fair and reasonable to the company and to all existing Shareholders).</p>
9.5	Sale of less than Minimum Holding	<p>Under the Existing Constitution, the company may sell equity securities in less than minimum holdings (i.e., having a value of less than \$1,000) if at least three months’ prior notice has been given to affected holders.</p> <p>The Amended Constitution includes an analogous provision with the same \$1,000 minimum holding value for so long as the shares are quoted on USX (or any other financial product market). If shares are not quoted on USX (or any other financial product market), then the minimum holding is to be determined by the Board. The clause has also been amended to clarify the order of payment of proceeds of sale of any Minimum Holding.</p>
15	Voting at meetings of Shareholders	The Amended Constitution has been amended so that Shareholder voting at meetings can be conducted by any of the methods permitted under the Companies Act (unlike the NZX Listing Rules, which require voting to be conducted by poll).
20.1	Number of directors	<p>The NZX Listing Rule requirements requiring two New Zealand-resident directors are removed, although the default Companies Act requirement to have one New Zealand-resident director continues to apply. The Amended Constitution retains the NZX Listing Rule requirement for the Company to have at least two independent directors.</p> <p>For completeness, the requirement in the Existing Constitution for three-yearly rotation of directors (other than directors appointed by 15%+ Shareholders) has been retained.</p>
20.3	Shareholder appointment rights	The Amended Constitution gives each Shareholder holding 15%+ of the shares a right to appoint (and remove) a director for every complete 15% of the total number of shares it holds. Put another way, a 30% Shareholder can

Clause in Amended Constitution	Subject matter	Proposed change
		appoint (and remove) two directors.
24	Interested directors	The Amended Constitution allows interested directors to vote (unlike the NZX Listing Rules, which prohibit voting by interested directors except in limited circumstances).
25	Director remuneration	The NZX Listing Rule requirement that director remuneration be authorised by Shareholders no longer applies, so director remuneration is subject to the Companies Act requirements only. In broad terms, these require the Board to resolve and certify that the remuneration is fair to the Company.
32 and Schedule 1	Compulsory acquisition provisions	<p>The Takeovers Code sets out a compulsory acquisition process by which a dominant owner (effectively a person becoming the holder of 90% or more of the company's shares) can acquire the remaining equity securities of the company (i.e., so that the dominant owner can acquire 100% of the company) or, if that right is not exercised, the minority shareholders have the right to sell their equity securities to the dominant owner.</p> <p>If the Company is not a "code company" (as that term is defined in the Takeovers Code, see footnote 2 above), that Takeovers Code compulsory acquisition process will not apply. The Amended Constitution accordingly includes provisions analogous to that Takeovers Code compulsory acquisition process for so long as the Company is not a "code company".</p>

CONSEQUENCES IF RESOLUTIONS NOT APPROVED

40. Each of Resolutions 1 and 2 is interdependent, and requires that each of those Resolutions be passed by Shareholders in order for the matters referred to in those Resolutions to be effected. If either Resolution 1 or 2 is not approved, then:
- neither of those Resolutions will have been approved;
 - the Company will remain listed on the NZX Main Board;
 - the Company would not be entitled to draw down under the 2020 Pescado Facility; and
 - it is highly likely that, on or about June 2020, the Company will be unable to pay its debts as they fall due and the directors of the Company will have no option but to place the Company into receivership or liquidation.
41. Resolution 3 is subject to and takes effect from the day after the Company ceases to be listed on the NZX Main Board and, accordingly, is, in practice, dependent on Resolution 1 (and Resolution 2, because they are interdependent) being passed to be effected. Accordingly, if Resolutions 1 and 2 are passed by Shareholders, but Resolution 3 is not approved:
- the Company is expected:
 - to cease to be listed on the NZX Main Board; and
 - to be listed on USX;
 - the Existing Constitution will continue to be the Company's constitution;
 - the Existing Constitution will not adequately serve its function as the Company's governing document because the Existing Constitution is only appropriate for a Company that is listed on the NZX Main Board; and
 - the Company would propose that Shareholders alter the Existing Constitution by way of the Amended Constitution at the next meeting of Shareholders following the Meeting.

VOTING INTENTIONS

42. The following Shareholders have advised that they intend to vote in favour of:

(a) Resolution 1:

- (i) SDMO Trustee Limited (**SDMO**) (associated with director Stuart Macintosh), holding 5.79% of total voting rights;
- (ii) Tamahere Limited (**Tamahere**) (associated with director Colin Groves) holding 0.40% of total voting rights.

Together, these Shareholders hold 16.48% of the total number of voting rights able to be voted on Resolution 1 (since Pescado, BioScience and Comvita (as defined below) are not entitled to vote on Resolution 1); and

(b) Resolutions 2 and 3:

- (i) Pescado, holding 23.31% of total voting rights;
- (ii) One Funds Management Limited as trustee of Asia Pacific Healthcare Fund II and BioScience Managers Ventures Pty Limited as general partner of BioScience Management Partnership LP (together, **BioScience**), holding 21.72% of total voting rights;
- (iii) Comvita Limited (**Comvita**), holding 17.44% of total voting rights;
- (iv) SDMO, holding 5.79% of total voting rights; and
- (v) Tamahere, holding 0.40% of total voting rights.

Together, these Shareholders hold 68.65% of total number of voting rights able to be voted on Resolutions 2 and 3.

IMPORTANT INFORMATION

Virtual Shareholder meeting

Due to the current restrictions from COVID-19, Shareholders will only be able to participate in the Meeting online or by telephone. Shareholders cannot attend the Meeting in person.

Shareholders can attend the Meeting:

- (a) online via the virtual meeting platform at www.virtualmeeting.co.nz/sea20;
- (b) by telephone from New Zealand by dialling 0800 448 986; or
- (c) by telephone from Australia by dialling 1800 572 288.

If you are attending online via the virtual meeting platform, you will require your CSN/Holder Number for verification purposes. If you are attending by telephone, you will require your unique PIN (which can be found at the top of your Proxy Form). Please dial-in at least five minutes prior to the start time.

Shareholders attending and participating in the Meeting online via the virtual meeting platform will be able to vote and ask questions during the Meeting.

Shareholders attending and participating in the Meeting by telephone will be able to ask questions during the Meeting and vote using the dial pad on their telephone after the Meeting. After the Meeting, the telephone moderator will run through each Resolution and give each Shareholder the opportunity to vote on each Resolution at that time.

More information regarding online attendance at the Meeting (including how to vote and ask questions during the Meeting) is available in the Virtual Annual Meeting Online Portal Guide, which is available at: <https://bcast.linkinvestorservices.co.nz/generic/docs/OnlinePortalGuide.pdf>.

The Company offers the facility for Shareholders to submit questions to the Board in advance of the Meeting at <http://investorcentre.linkmarketservices.co.nz/voting/SEA>, using the Proxy Form or by asking questions online via the virtual meeting platform or by telephone during the Meeting. The Chairman of the Meeting will answer as many of the most frequently asked questions as possible during the Meeting.

You may also appoint a proxy and direct your votes in advance of the Meeting. Please see below.

Proxies

Any Shareholder who is entitled to attend and vote at the online/telephone Meeting may appoint a proxy to attend and vote at the online/telephone Meeting. A proxy does not need to be a Shareholder. If you appoint a proxy you may either direct your proxy how to vote for you or you may give your proxy discretion to vote as he or she sees fit. If you wish to give your proxy discretion then you must mark the appropriate boxes on the form to grant your proxy that discretion. If you do not tick any box for a particular resolution, then the proxy will vote or abstain from voting as he or she sees fit. Any person associated with any person prohibited from voting on a resolution cannot vote on that resolution as a discretionary proxy.

If, in appointing a proxy, you do not name a person as your proxy but otherwise complete the proxy form in full, or your named proxy does not attend the online/telephone Meeting, the Chairman of the Meeting will act as your proxy and may only vote in accordance with your express direction.

The Chairman of the Meeting is willing to act as proxy for any Shareholder who wishes to appoint him. To appoint the Chairman of the Meeting simply tick the box allocated next to "The Chairman of the meeting" on your Proxy Form.

If the Chairman of the Meeting is appointed as a proxy and you have given your proxy discretion to vote as he or she sees fit, the Chairman of the Meeting will vote in favour of all Resolutions.

If you wish to mail the Proxy Form then please send it to our Share Registrar, Link Market Services Limited, using the reply-paid envelope provided. New Zealand based Shareholders may also fax the form to (09) 375 5990, and overseas Shareholders may fax the form to +64 9 375 5990. The form may also be emailed to meetings@linkmarketservices.com or posted to Link Market Services Limited, PO Box 91976, Auckland 1142, New Zealand.

The completed Proxy Form must be received by our Share Registrar no later than 2:00 p.m. (New Zealand time) on 20 May 2020. Any Proxy Form received after that time will not be valid for the Meeting.

Shareholders can elect to vote their proxies online. To appoint your proxy and vote online, please visit the Link Market Services Investor Centre at <http://investorcentre.linkmarketservices.co.nz/voting/SEA>. You will

require your CSN/Holder number and FIN to securely access the website. Follow the prompts to complete your proxy appointment and vote.

Resolutions

The business for the Meeting is to pass the ordinary resolutions set out in the preceding pages (being Resolutions 1 and 2) and the special resolution set out in the preceding pages (being Resolution 3). An ordinary resolution is a resolution that is approved by a simple majority of the votes of those Shareholders entitled to vote and voting on the resolution.

A special resolution is a resolution approved by a majority of 75% of the votes of those Shareholders entitled to vote and voting on the resolution.

Voting

Voting entitlements for the Meeting will be determined as at 5:00 p.m. (New Zealand time) on 20 May 2020. Registered Shareholders at that time will be the only persons entitled to vote at the Meeting and only the shares registered in those Shareholders' names at that time may be voted at the Meeting.

Voting restrictions

Only Shareholders who are "Non-Affiliated Holders" (as that term is defined in Part A of the NZX Listing Rules, see footnote 1 above) are entitled to vote on Resolution 1. This restriction on voting is one of the conditions imposed by NZXR on the Company before it will cancel the Company's NZX Main Board listing with NZX (see paragraph 11 of the Explanatory Notes).

Accordingly, none of Pescado, Comvita or BioScience, or any of their respective Associated Persons (as that term is defined in the NZX Listing Rules), is entitled to vote, appoint a proxy or exercise discretionary proxies in respect of Resolution 1.

More information

If you have any questions, or for more information, please contact Bryan Mogridge at SeaDragon Limited on +64 21 931 355.